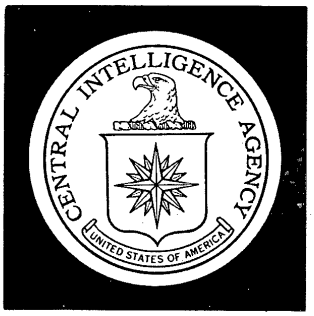
Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1



The President's Daily Brief

1 November 1969

10

50X1

~~*Top Secret*~~

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

THE PRESIDENT'S DAILY BRIEF

1 November 1969

PRINCIPAL DEVELOPMENTS

In Australia, Prime Minister Gorton seems to be heading for a fight for the leadership of his party. *(Page 1)*

President Thieu's critics are having a field day lambasting his new austerity program, and he can expect rough treatment from the assembly. *(Page 2)*

Ecuador's political, economic, and social problems may once again overwhelm President Velasco. *(Page 3)*

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

AUSTRALIA

National Resources Minister Fairbairn announced on Friday that he will no longer serve under Prime Minister Gorton. He says he is going to decide next week whether to challenge Gorton for the leadership of the Liberal Party. Although a good many influential Liberals have come out in support of Fairbairn or have conspicuously failed to endorse Gorton, one knowledgeable party member told the US Embassy he believes Fairbairn lacks the strength to win a direct test with Gorton.

50X6

Even if Gorton fails to challenge Fairbairn, the Liberal Party and the Liberal-Country Party coalition seem to be in for a testing time. Another election soon is a real possibility.

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

SOUTH VIETNAM

President Thieu's new "austerity" taxes on most imported goods have provoked harsh criticism throughout the country. The decree, issued on 23 October, produced almost immediate public panic and extensive hoarding. As a result, prices of most basic consumer goods, domestic and imported, have soared. Sharply worded attacks on Thieu's decree have come from progovernment and opposition politicians, as well as the press.

> *According to a US Embassy survey, many Vietnamese believe that the measure hurts the poor far more than the rich, and that the government should have warned the public. In addition, some Vietnamese are saying that the new cabinet, which was to give first priority to solving the country's economic problems, now has actually worsened the situation.*

The most violent reaction has come from the National Assembly. Both houses have passed a series of resolutions condemning the tax increases and accusing the Thieu administration of acting unconstitutionally in failing to consult the assembly. Some deputies are trying hard to have the decree annulled, but there seems little likelihood of this.

> *President Thieu devoted part of his National Day speech on 31 October to explaining the country's economic problems, and he threatened to resign if his austerity measures were not allowed to go into effect. The government is claiming that prices will go back down soon, and that then public furor will subside. For the moment, however, Thieu's relations with the assembly are at an all-time low, and his legislative programs may face rougher treatment in the future.*

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

ECUADOR

After 14 months in office, President Jose Maria Velasco finds himself in the not-unfamiliar position of wondering how much longer he can hang on to his job. As the septuagenarian has discovered three times before in his long and colorful career, his personal charm and his popularity with the voters are far more useful in getting elected than in coping with Ecuador's many problems. His most immediate concerns this time are an outbreak of student disorders and a more than usually bad fiscal situation.

Student disorders that have plagued Guayaquil for two weeks now are spreading to other cities. The students have long been resentful, but things came to a head when an outraged Velasco ordered a high school closed after students had insulted him. This gave radical leaders a tailor-made issue. The security forces, acting under orders from Velasco, have not let the disorders get out of hand, but since mid-October four students have been killed in riots. Although there is reasonable doubt that the police were responsible, agitators use the students' deaths to support allegations of police brutality. The acrimonious atmosphere enhances the probability that student disorders will continue.

More fundamental perhaps are Ecuador's fiscal difficulties. Attempts by the government to secure foreign loans for budget support have come to naught, and exports, although rising, are still far below last year's level. Velasco got little help from the legislature, which passed a budget that has no relationship to revenue-raising capabilities. The President has also had only minimal success in wresting control from the myriad of autonomous agencies that hamstring his efforts to control revenue collection and expenditures.

(continued)

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

The cabinet, especially the ministers of defense and government, has been pressuring Velasco to assume extraordinary powers to resolve the economic crisis. The defense minister has warned that hungry soldiers whose salaries are now three months in arrears will not tolerate existing conditions much longer.

Memories of the political difficulties encountered by the military junta of 1963-1966 continue to haunt leaders of the armed forces, and we expect that they will continue supporting Velasco for now. But if Velasco loses what public support he now has by overreacting to or doing nothing about the current unrest, the military may overcome its reluctance to assume power.

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

WARSAW PACT

As expected, the Warsaw Pact foreign ministers issued a call for an East-West European security conference after their two-day meeting in Prague. Yesterday's communiqué makes broad and generally noncontroversial proposals for an agenda. Even US participation is not excluded; the issue is left open.

The proposal obviously is designed to elicit a positive response from the NATO foreign ministers, who will be meeting in December.

* * *

As the foreign ministers were finishing up, military representatives from all the Pact countries were gathering in Prague.

This meeting will probably review the past training year, define training tasks for 1970, and observe a joint Soviet-Czechoslovak training exercise now under way.

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

NOTES

Laos: The fighting in the north has slowed.

[redacted] 50X1

Although the Communists have been able to bring in more supplies, they have been less successful in reducing government harassment. During the past week, elements of the North Vietnamese 312th Division have made many attempts to overrun government positions; all have failed. In the northern portion of the Plaine des Jarres, the enemy's difficulties appear to be more profound. [redacted] 50X1

[redacted] 50X1

50X1

Lebanon: Yasir Arafat, the Fatah leader, showed up in Cairo just as the Lebanese representatives were about to give up and go home. The Lebanese may be able to work out some kind of arrangement with Arafat--certainly they got nowhere at all without him. Caretaker Prime Minister Karami some days ago said he would go to Cairo to talk with Arafat, but we have no information about his plans now.

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1

Top Secret

Declassified in Part - Sanitized Copy Approved for Release 2016/04/27 : CIA-RDP79T00936A007700010001-1